

ASSOCIATION DEVELOPMENT CONSULTANCY  
ALBANIA PRIVATE FORESTRY DEVELOPMENT PROGRAM  
Contract No. EPE-C-00-95-00127-00

Submitted to:  
U.S. Agency for International Development

Submitted by:  
Chemonics International Inc.

July 1999

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# Executive Summary

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## Executive Summary

The Project has been active for several years in the Blinisht Komuna, Lezha District, both through group activities under the Heifer Project International (HPI) and as a pilot effort for the transfer of Komuna forests to village families. As many participants have indicated willingness to establish a more formal organization of farmers, a village-level survey and study were conducted to assess farmer interest in establishing an agricultural/natural resource-based farmers association. As a result of these efforts, the consultant believes that a producer's association could be feasible with its activity limited to one or a few basic services.

The consultant carried out a survey to determine if there would be a base for establishing a producer organization in the Komuna along the lines of a standard "Western-style" association or even a "mutual collaboration society". Many of those producers interviewed stated their willingness to consider participating in some "new type of cooperation" and were somewhat optimistic about cooperation among villages. The consultant feels that the factors of commonality and desire for some mutual assistance are indeed present. He also feels that most of these producers as individuals are unable to make any significant improvement in their economic situation in the foreseeable future — without some change, the process of out migration and subsistence agriculture will continue. With no other entity in the Komuna engaged in assisting producers through group action, the Project is in the position to assist them to undertake an economic activity with the dual purpose of empowering them and having a positive impact on their farm income.

Ideally the most appropriate type of organization would be the "mutual collaboration society or association" (with the Albanian acronym of SBR) because (1) the express purpose would be to carry out economic activities for its membership, and (2) the aspects of member share capital and SBR governance and administration are explicitly addressed in the public law, rather than being left to definition through its bylaws. If, however, the type of activity by the organization were limited to a coordination or information function with little need for share capital, then the simpler NGO association form would be preferable. The consultant believes that probably this simpler organizational form would be preferable, as it could be transformed later into a SBR.

The overall strategy in establishing the society should be to create an organization based on the needs of its participants, and that this entity would not be dependent on any other entity for its operation, once the initial stages have been completed. Given the limited time remaining under the current Project (APFDP), this activity would need to be modest in scope to be self-sustainable by the PACD. The organizational efforts should be based on the following four tactical aspects (and others that may become obvious during implementation):

- Build on the existing livestock and forestry groups the Project has supported
- Focus on actions that would provide tangible results for participants in as short a time span as feasible

- Concentrate on only one or only a few activities or services
- Use locally available resources for implementation

If the Project decides to assist producers in establishing a society, there are three areas in which it would need to focus without presupposing that producers ultimately will decide to form the society. These action areas are orientation of potential members, preparation of promotional and training materials, and exploration of realistic options for activities or services by a society.

The above three action areas are designed to deal with the major aspects needed to determine if the producers in some or all villages in Blinisht Komuna are seriously interested in establishing their own society and are willing to work together rather than as separate groups. If the decision is to continue with the organization, then the details of formation and registration would follow, supported by the Project and depending on the type of society. If on the other hand, the popular decision is to limit any organization to a narrow base with few individuals in one or two villages, to use political or religious criteria for membership, or to await better offers from donor agencies, then the appropriate response by APFDP would be to end any further support other than that which already was being provided under the livestock and forestry components.

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Association Development Consultancy

# Association Development Consultancy

## A. Study Purpose

The Albania Private Forestry Development Program (APFDP) Work Plan for 1998 provided the base to develop activities with small and medium-sized enterprises in accordance with the Project's Intermediate Results 4 "Increased number and expanded capacity of small-scale non-timber forest product enterprises" and more specifically in relation to IR 4.2 "Improved access to market information, affordable inputs and credit".

For over two years the Project has been active in the Blinisht Komuna, Lezha District, both through group activities under the Heifer Project International (HPI) and as a pilot effort for the transfer of Komuna forests to village families. Participants have indicated willingness to establish a more formal organization of farmers, however the area's population is noted for the traditional reluctance to collaborate with each other. The Scope of Work describes the purpose of this consultancy as being:

"to assess farmer interest in establishing an agricultural/natural resource-based farmers association in Komuna Blinisht of Lezha District. If there is a potential role for such an association, describe how this might fit within the overall work plan of APFDP and propose an association development action plan for carrying out the necessary work required to ensure implementation of the action plan."

## B. Legal Structure

The legal situation of associative organizations has been somewhat indeterminate because of a lack of common knowledge concerning options available, as well as the lack of practical experience. Trade associations began to be formed in 1996 under the SARA Project in accordance with the brief framework provided in the 1994 Civil Code, which was concerned mainly with membership and the registration procedures of associations and foundations. Although the provisions under the Code were still in force at the time of this consultancy, a draft law for non-governmental organizations was under consideration by the legislature and may well now be law, although the organizational forms related to this law still were basically non-commercial in nature. Government officials recognized that *de facto* differences exist between "business and non-business associations" but no formal differentiation seems to exist.

After an extended search, the consultant's assistant uncovered a 1996 law on 'Mutual Collaboration Societies' or SBR (sometimes translated as 'Mutual Collaboration Associations', as in the English translation provided by the GTZ) which corresponds to commercial associative organizations (usually called "co-operatives" in other nations where this terminology is not considered negative, as is the case in Albania). Article 9 states:

"The objective of the activity of the mutual collaboration association is completion of the economic activity by all its members.... The purpose of the activity ... is mutual assistance of the association members."



Nevertheless, this little-known law has the characteristics usually associated with co-operatives, such as one vote per member, a governance structure discriminating between administrative and supervisory functions, a flexible member share capital basis, obligatory reserve funds, patronage dividends according to members' use of services, and option to be part of a second-tier associative entity (in this case called a "union"). Above all, this law contemplates an entity with the purpose of providing commercial services for its members and third parties to assist them in their private economic activities. The existence of this law is important because it delineates the non-profit nature of commercial activities for both members and third parties. These aspects are compared in an annexed table concerning NGO characteristics.

The above distinction is fundamentally different from the traditional "association" whose activities often are designed to benefit a sector or have an industry-wide base extending beyond its membership:

"The work of most associations usually benefits all member of the industry or class whether or not they are members of the association. A cooperative or other business form, however, only benefits or does business with those persons who have voluntarily invested in the organization and want, need and are willing to pay for the services or product of the organization." (Flick, pg. 9)

The question of "which organizational form would be most appropriate for supporting Project-related activities" can be answered at this point by first defining the initial objective and then matching the simplest form to that need. Another relevant factor is to take into account the familiarity of the membership with business and management aspects: a "business association" (or co-operative) is more complex than an association, which under Albanian law can undertake economic activities. Another important factor is that a co-operative business operation invariably requires professional management and knowledgeable membership supervision. Frequently (and not only in Albania), this capacity is not forthcoming in a nascent producer organization. This understanding is developed over time, such that the members and their board of directors recognize the need to vest authority and responsibility for operations in outside, professional staff. Therefore, the consultant believes that initial organization efforts with producers should focus on an association entity with activity limited to one or a few basic services that can be carried out by the same membership. This activity could evolve into a co-operative business or a "spin-off" commercial firm in the future.

### **C. Current Producer Groups Supported By APFDP**

The following is a brief description of most of the producer groups or associations the Project has been assisting. Most are recently formed and rely upon the Project to cover their modest operational expenses even though they levy membership fees. Given the consultant's brief contact with the groups, the following comments are only an overview of the focus of each group plus a personal estimation of the potential for success in four crucial aspects:

- organizational development
- relevance of actual activities or those planned for near future
- capacity to provide business services for members

- financial sustainability.

In reviewing the following organizations, two specific recommendations come to mind:

- Three of these groups are dependent on the market for finished willow products, and there seems to be uncertainty as its future. Therefore, the Project may find useful to contract for a comprehensive study on regional markets for these products and on the potential of natural vs cultivated willow products. It should continue its efforts of visiting trade fairs, and perhaps consider financing trial shipments of finished products to target markets as a way to introduce Albanian products and gain concrete experience in marketing.
- The examples of the Nursery Network and the Stropska Farmer Associations demonstrate the importance of building confidence among members, which takes time but is a critical element for institutional cohesion. As the Project has limited personnel, it should explore the possibilities of jointly-sponsored association development with an entity that will continue after the Project's PACD, which could be another USAID-funded program (such as ACDI/VOCA) or an appropriate local institution or NGO.

### **C1. Nursery Network Association: Technology Transfer and Sector Advocacy Functions**

The nursery network started in February 1997 and has grown from six to the present 14 members and can be considered as being national in scope, since it now has presence in several districts. A main objective has been to exercise an advocacy role, such as lobbying for VAT exemption for nursery inputs and to explain and protect forestry interests. Another objective is to serve as a mechanism for technology transfer and to promote environmental protection concerns. In these areas it has supported Project demonstration plots for agroforestry, sponsored seminars for training and field visits to other nurseries, and promoted concepts on agroforestry within a market economy. Furthermore, it stimulated the formation of ecological clubs in Lezhe. It is planning to become a channel for procuring new seeds and plant materials for nurseries and can expand to include promotion of cultivation of fruit trees, medicinal plants, and herbs. It claims success in that more people now want to grow trees, the quality of trees has improved, and production volume also has increased.

The association appears to be well formed and focused and although not self-supporting, it is collecting fees to continue after the Project ends financial support. It is the consultant's view that the association is not suitable for sustained business services to members, since they have varied interests and economic activities, but could become sustainable through general membership fees and commissions for specific activities, such as organizing seminars and field trips including non-member participants and provision of some inputs. Based on these considerations, he estimates the potential for institutional success as:

- organizational development — good
- relevance of activities — good
- business service capacity — limited at best (example: for occasional needs)

- financial sustainability — adequate if fee structure can be expanded

## **C2. Willow Management Association (Shkodra): Technology Transfer and Trade Development Functions**

A workshop in December 1998 led to association's formation, with registration several months later. The expressed objectives are to provide market information on both inputs and finished products, facilitate communication between members and other parts of sector, and develop linkages with other NGOs and donors interested in sector. The membership is a mixture of producers, processors and forestry specialists. and the president of the association, a forestry specialist, has been a trainer in the subsequent workshops on production technology. The initial focus has been oriented to technology transfer and also marketing with visit to regional trade fair. In keeping with its close relationship with the District Forestry Office in Shkodra, they express the need for further training in production technology, along with business management and export marketing skills.

Although recently formed, this could develop into a national-level association for the willow sector (both producers and processors), since it already has some members from other Districts. Given the composition of membership (and if it continues to represent this variety) it should maintain the focus on technology transfer, advocacy and general trade issues and not on commercial aspects, except perhaps such as registrar of qualified producers and processors or as mediator of contracts. With the very limited contact with this group (only one representative) the consultant offers the following estimations of potential based more on information provided by Project staff:

- organizational development — good
- relevance of activities — good
- business service capacity — doubtful
- financial sustainability — adequate assuming fee structure is in place and can be expanded.

## **C3. Willow Producer and Processor Group (Berat): Technology Transfer and Market Coordination Functions**

This group was formed in early 1999 and has yet to be registered as an association. Presently there are ten members, although there is a potential of 50 more producers and processors in the area. Several individuals are members of the Willow Management Association based in Shkoder, and one is a board member. The group is commercially oriented, and a major objective is to find markets and ensure quality products by members. It also collaborates with Project demonstration plots to promote cultivated willow, which has more ample market than natural growth willow. Although they levy membership fees, at this time the Project is covering over one-half of the group's operating expenses. It presently serves as the channel for willow bough supply contacts and market information on finished products. As a group they select models of new products, set their prices, determine production quota for each processor, and impose quality standards for finished products. They produce lower grade willow and manufactured products for Greek market (less demanding than the Italian market), and therefore feel they are not competing with Shkoder processors, who deal in cultivated willow products. They fear that the market for willow

products may be limited in the medium-term and are unsure about the future of this economic activity.

Even though the group is still being organized, its strong commercial orientation augurs well for its role in strengthening the local willow sector. Based on this appreciation, the consultant estimates its potential as follows:

- organizational development — good if a business manager is hired instead of relying on volunteer and committee coordination
- relevance of activities — good
- business service capacity — good
- financial sustainability — good if fees can be structured on a commission base to reflect level of individual participation and benefits, instead of relying solely on uniform membership fees

#### **C4. Willow Producers Group (Tushemisht, Near Pogradec): Technology Transfer Function**

This informal group started three years ago with six producers of cultivated willow. Presently they receive training and market information from the Project and participate in a demonstration plot to cultivate willow trees. Processors in the Shkodra association buy all their production because of the higher quality material from cultivated willow. Their expansion capacity is limited as only one of the six producers could increase cultivated area without eliminating other crops. They feel restricted by the uncertainty of the willow market: if this were not a constraint they think they could sell much more and other farmers in the area would start production as well.

Their future plans seem to be uncertain, both as producers and as a group. At least some of the group are considering joining the Shkodra association. The consultant suspects that the Shkodra option (which could result in contract sourcing) offers more promise for developing the sector than the formation of a minuscule association isolated from mainstream processors. For this reason he judges the potential as weak:

- organizational development — doubtful
- relevance of activities — good but of limited impact
- business service capacity — very doubtful
- financial sustainability — very doubtful.

#### **C5. Private Forest Owners Association (based in Fier): Advocacy Function**

The association was recently formed (in June) with 15 members, most of whom are urban dwellers that own some forest land and are not farmers. As land titling is a pressing issue to be resolved, the first goal is to institutionalize forest owner and land user agreements to resolve possible conflicts. In a longer time frame the association's objective is reforestation and

protection of forest property rights and also to work with the national government to modify existing laws and thereby allow recovery of forest lands held by the GOA.

This clearly is an example of an association with an advocacy role. Since the members' economic activities are quite varied, any business service activity by the association would exclude participation by the majority; therefore the entity's sustainability needs to rely upon membership fees. To the degree that the land tenancy and user rights issues are common elsewhere in Albania, this forestry association (the first and only one at present) could expand to become national in scope. Therefore, the association's potential is judged accordingly:

- organizational development — too early for an opinion but could be good if activity is limited to advocacy
- relevance of activities — good but limited to tenancy issues (which are very important for long-term agricultural sector development in general)
- business service capacity — very doubtful
- financial sustainability — too early for an opinion, but doubtful in the long-term unless the membership base increases, because the core activity is dependent on member commitment to an issue which has significant externalities (in this case, impact on tenancy for all landholders, the vast majority of whom will not be members).

#### **C6. Farmers Association (Stropska, Near Pogradec): Technology Transfer and Marketing Functions**

This group started in late 1997 with 15 members under the auspices of the HPI program, became an association in late 1998 with 23 farmers and livestock producers, and was registered in early 1999 with 35 members. Undoubtedly, the group identification experience gained under HPI guidance was of critical importance to induce people to join by overcoming the widespread distrust in associative or cooperation efforts. It has an active board of directors, uses membership fees for expenses and travel to markets, and participates in the Project's validation of forestry management practices and with a Dutch NGO livestock production technology. Last year tobacco producers in two villages pooled production and negotiated for a better price; members plan to do the same this year with chestnuts (pool production and solicit price offers) and hope to extend this to grape production, marketing and possibly processing in future. Other plans for this year include buying alfalfa seed as group and looking for credit to buy small tractor to start a mechanization service (although apparently no study of the feasibility and alternatives has been done).

This is an excellent functioning example of a marketing association, since production remains an individual endeavor, and the associative entity acts on behalf of the producers but does not "buy" or commit to a minimum price for members — it acts as a broker or agent based on volume. The overall risk is still borne by the producer rather than being shifted to the association. The marketing role positions the association to increase the value-added share that producers could benefit from, as the group has the option of placing produce in more distant markets (instead of at farmgate or locally), and possibly selecting different qualities which should have price

differentials (e.g., table grapes and processing grapes). It also could have significant technological impact by serving as a channel for improved inputs, such as the certified alfalfa seed instead of relying on local pastures. Based on these considerations, the consultant estimates the potential for institutional success as:

- Organizational development — good
- Relevance of activities — good
- Business service capacity — very probable if care is taken in evaluating both the financial feasibility for the association and the financial benefits for participants.
- Financial sustainability — very probable if the management and administration requirements are kept at a level that the members can do themselves, or at which they can exercise control over if outside staff is required

#### **D. Association Development Under Other Projects**

*Heifer Project International (HPI).* HPI had been part of APFDP Project for several years and has successfully formed and assisted 15 groups in different parts of Albania. One excellent example is the Farmers Association in Stropska, mentioned earlier. The program strategy is to start from the bottom up, identifying leaders, having them form their group, and then convert this into a formal association. As a group, the membership first chooses its board members, organize training sessions to improve production technology, and then determines the order in which members will benefit from offspring from donated livestock (cattle or small ruminants) or from subsidized artificial insemination — denominated as “Pass the Gift”. A subsequent step is the introduction of production micro-credit. HPI also supports activities related to environmental protection practices, forestry, and family gardens. In short, the program has a micro-level community development focus with a soundly established methodology. This approach is suitable for localized longer-term involvement and is aided by carefully selected donations.

*Assistance to Albanian Agricultural Trade Associations (AAATA).* This follow-on project has the most experience in developing agricultural sub-sector associations. In the first two years it focused on basics of education, training and information supply to provide a foundation for trade association development. The project evolved to work with associations to establish their strategic plans with goals and objectives, providing specific technical assistance for each sub-sector, and assisting with access to credit, legal concerns and developing an advocacy function. The participants usually are urban-based business people in agribusiness related processing and trade activities — a very different clientele than the village farmers that APFDP works with. Despite these differences, the AAATA project could provide business training for a group with leaders that have reached an adequate level of basic business skills.

*Land O-Lakes (LoL).* This project is concerned primarily with development of the dairy sector. It promoted the founding of an umbrella sector association, which subsequently split into two separate formal associations to represent the producers and the processors (both now assisted through the AAATA project). This division clearly demonstrates the principle of group

homogeneity, since the producers and the processors have different needs and skill levels, and their interests are sometimes conflicting. LoL requires that producers organize themselves into an association to access technical training by LoL but prefers that another entity carry out the organization of the group. LoL has the materials, staff and experience to do training in animal health and nutrition, dairy operations, and small ruminant production and could provide training to other producer groups in addition to its own project.

*ACDI/VOCA (A/V).* ACDI/VOCA has been working with associations on two levels. It is providing technical support for the National Farmers Union to develop the latter as an advocacy group for the whole sector. It also is active at the producer level, resulting in a good functional model in the Korça area with a group of individual producers that do joint input purchases and marketing. A/V indicated that it wants to focus program resources on marketing aspects rather than production technology. This program seems to be the closest to the organizational strategy that the APFDP Project wants to implant and therefore could be considered for both training and implementing joint activities in producer association development. Furthermore, the person who was key in developing the IFDC association training materials is now part of ACDI/VOCA. An additional factor is that ACDI/VOCA possibly could provide additional technical expertise through its network of volunteers.

*ORT Democracy Network Program (ORT).* Among the other project components of ORT, it has specialized in institutional capacity training and advocacy activities, including the basics of participatory meetings and controls, financial management for accountability and reporting, and business plans. It has designed and carried out programs to train NGOs, including the National Farmers Union and four LoL dairy groups. These training programs are relatively formal, classroom-oriented in ORT's resource center and may last several months (although not full-time). However, it is doubtful that this level and methodology would be appropriate for most farmer organizations until well into the future, with possible exception of the Nursery Network.

*World Bank/Ministry of Agriculture and Food (WB/MoAF).* This joint project office has been actively forming 220 water user associations in selected parts of Albania since 1995, as a requirement for participation in the irrigation renovation project funded by the World Bank. To date, results have been mixed: senior staff estimated that perhaps 40 percent of these user associations are sustainable, another 20 percent might be functioning adequately with supervision, and the remaining 40 percent are seriously deficient. Major difficulties have been establishing responsible leadership, implementing adequate financial management systems to permit auditing, and avoiding conflicts of interest between groups. This will become relevant for the Lezhe District, since it will be included in next phase of the rehabilitation investment program. In our field visits we saw evidence of substantial misunderstanding and discontent with water user organization efforts, reportedly because this activity is being done in a top-down fashion and without sufficient grass-roots information efforts. We also saw some tendency for MoAF staff to consider that the water user associations should expand in scope to provide other services, such as input supply, mechanization and marketing of produce. Given the general dearth of administrative skills at the local level, the opportunity for misfeasance, and the negative history of "cooperation", any institutional linkage of a farmers group with the local water user association almost certainly would be self-defeating for both organizations, and therefore should be avoided.

## E. Survey Conclusions

The survey (annexed to this report) was designed to determine if there would be a base for establishing a producer organization in the Komuna along the lines of a standard “Western-style” association or even a “mutual collaboration society”. To do this a common purpose is required as well as an adequate number of active participants, such that tangible results could be obtained for producers in several villages and thereby begin to overcome the strong reluctance for group activities and be perceived as worthwhile membership organization not limited to a few individuals or families in a few villages. The survey was not intended to make representative statements about the rural society in general nor necessarily encompass the entire Komuna.

Many of those producers interviewed stated their willingness to consider participating in some ‘new type of cooperation’ and were somewhat optimistic about cooperation among villages. In addition, everyone shared at least one economic activity (raising cattle), and most indicated they sold animals for meat and used some purchased inputs or services (fertilizer and seeds, and to a lesser extent farm machinery). Therefore, the consultant feels that the factors of commonality and desire for some mutual assistance are indeed present. He also feels that most of these producers as individuals are unable to make any significant improvement in their economic situation in the foreseeable future — without some change, the process of out migration and subsistence agriculture will continue. With no other entity in the Komuna engaged in assisting producers through group action, the Project is in the position to assist them to undertake an economic activity with the dual purpose of empowering them and having a positive impact on their farm income.

Ideally the most appropriate type of organization would be the ‘mutual collaboration society or association’ (with the Albanian acronym of SBR) because (1) the express purpose would be to carry out economic activities for its membership, and (2) the aspects of member share capital and SBR governance and administration are explicitly addressed in the public law, rather than being left to definition through its bylaws. If, however, the type of activity by the organization were limited to a coordination or information function with little need for share capital, then the simpler NGO association form would be preferable. The consultant believes that probably this simpler organizational form would be preferable, as it could be transformed later into a SBR. Another factor is that the SBR law seems to be largely unknown even among governmental officials, and this situation could complicate the registration process. As it is premature to decide about the juridical nature at this time, the neutral term “society” is used in this report.

## F. Recommendations

### F1. Strategies

The overall strategy in establishing the society should be to create an organization based on the needs of its participants, and that this entity would not be dependent on any other entity for its operation, once the initial stages have been completed. Given the limited time remaining under the current Project (APFDP), this activity would need to be modest in scope to be self-sustainable by the PACD. The organizational efforts should be based on the following four tactical aspects (and others that may become obvious during implementation):



- Build on the existing livestock and forestry groups the Project has supported. These groups already have a constituency of producers with some positive experience in working together. Also, the groups probably represent the more commercially-oriented farmers in their villages and are more accessible for Project staff and open to new ideas. This does not mean that all four villages currently with groups would necessarily want to participate from the beginning, since there seems to be some distrust between certain villages (especially Krajn and Kodhel). Nor does it mean that producers from none of the other three villages should be allowed to participate if they show strong interest in becoming part of the society. There might even be producers from other nearby villages outside the Komuna that could participate. It does mean, however, that efforts should focus primarily on the villages where the Project is known and where people are known to the Project staff. At this stage society members would be individual producers, not village entities, although probably some informal grouping by village would emerge as a mechanism for communication and coordination.
- Focus on actions that would provide tangible results for participants in as short a time span as feasible. Farmers are dubious of wonderful ideas from outsiders (or even Komuna representatives) that do not provide some benefit quickly, as seen from the complaints of the water users association: farmers have not seen any activity concerning this even though they paid the fees last year, and therefore are skeptical that anything will happen to benefit them.
- Concentrate on only one or only a few activities or services. Given the above scepticism and the need to build slowly the capacity of a society to implement properly some activity, restraint is needed to not fall to the temptation to offer a variety of activities. To avoid diluting its limited administrative capacity or creating great expectations, the society should start with an activity or service which is transparent (easily understood and monitored).
- Use locally available resources for implementation. This aspect refers to both the Project's efforts to assist organization and the society's actual operation. Admittedly the Project has a short time frame and limited human resources to develop a society; however, there are materials and persons experienced in association development in Albania that might be used without having to build this capacity from within the Project. APFDP would have to determine their real availability and the mechanisms for utilizing these resources, and then supplement or modify these wherever needed. Ideally this also would permit future replication of society development under similar circumstances. As the Project would be unable to assist the society during several years, operations should be scaled to the management and administrative capacity available at the Komuna level to ensure sustainability without any dependency on outside entities.

## **F2. Implementation Action Areas**

If the Project decides to assist producers in establishing a society, there are three areas in which it would need to focus without presupposing that producers ultimately will decide to form the society. These action areas are orientation of potential members, preparation of promotional and training materials, and exploration of realistic options for activities or services by a society. To advance as quickly as possible, the Project should undertake actions in all the areas nearly simultaneously but with one important caveat: the producers and Komuna officials must not believe that these efforts represent an obligation by the Project to provide them with resources or services, rather that APFDP is assisting the producers to decide what they themselves might wish to do. The importance of this situation cannot be overstated, since often it is misunderstood and therefore fails in its intention.

### **F2a. Orientation of Potential Members**

From the survey of producers it was obvious that most people had substantial difficulty relating to an organization of producers that could assist them as individual farmers by providing some type of service or activity. There are two aspects of this difficulty: the organization and the activity or service. Producers, especially those who have not participated in the livestock groups, visualize only two alternatives, farming in a completely independent fashion (as most do now) or working as farm labor completely subservient to the organization (as under the old “cooperative” system). Next they are unfamiliar with the concept of some entity created as a service provider for farmers, and the word “activity” usually meant to them the production of a specific item (such as growing wheat or raising sheep) rather than in a functional sense (as input purchasing or transport). Therefore, the concept of coordination or any synonym as we mean it was not being understood.

Fortunately, there are clear examples of independent producers elsewhere in Albania working together to provide a needed economic function. The newly registered Farmers Association of Stropska (near Pogradec) pooled the tobacco harvest from two villages last year to negotiate a better sales price and is planning to do the same in the future with grapes. Additionally, with the assistance of HPI they hope to buy seed for improved pasture this year. Another positive experience concerns a group of broad bean producers near Korça that ACDI/VOCA has been working with for marketing. A third possibility is the dairy farmers group in Shengjergi (formed with the help of both HPI and Land O=Lakes), which could serve as a demonstration of the transition from individual production to group commercial activity of this production.

The consultant believes that a field trip to discuss experiences with these groups would be invaluable as a tangible illustration of “cooperation”, as well as offer the venue for producers to discuss these experiences among peers. Given the leadership structure in the Komuna villages, it is suggested that the visits include the Komuna veterinarians and the village elders or leaders in addition to one or more prominent producers from each village that shows sincere interest. These field trips should be started as soon as possible to help generate interest and to focus attention on the concept of cooperation. This common understanding would be necessary to guide producers through the process of defining and forming a society, as well as comprehending and accepting the relevance of subsequent training activities.

## **F2b. Preparation of Promotional and Training Materials**

For decades organizations throughout much of the world have been publishing materials concerned with the social and business development of cooperative-type organizations. Perhaps because of the inherent simplicity of traditional association entities, no similar body of guidelines seem to be available for these organizations at least in the US, except for materials usually produced by the same associations to publicize their specific purposes and scope (often in the form of bylaws). If the Project assists in organizing a “producer society” in a variety of Komuna villages, it will need materials specifically adapted for the target population (farmers and local officials). Field staff will need to be oriented such that their efforts in the promotion and later training of villagers in concepts and requisite organizational skills are standardized.

Under the SARA Project (Support for Agricultural Restructuring in Albania), IFDC developed a training module titled “Agribusiness Trade Association Development” to introduce the concept of associations and explain the use of bylaws, the registration process, and the options for financing and managing these entities adapted to the Albanian context. For several years this module has been used to orient newly founded trade associations through a continuous process of “Education, Training and Information”. The ORT Project has prepared other types of materials used in the formal training programs it carries out on strategic planning, budgeting, lobbying and other areas. However, even though many of the themes presented by both organizations are applicable for any association, they have been developed for a very different audience than the Komuna villager and would be inappropriate for use as is by the Project. As one person in the IFDC project explained, “The average trade association member drives a car and has a cell phone” — quite different from the average Komuna villager.

ACDI/VOCA (A/V) has experience in working with some groups organized into producer associations in other regions of Albania. Furthermore, the person most closely involved in preparing and using the IFDC module is now the Director of Training at A/V. The consultant strongly suggests that APFDP investigate the manner in which the materials and experienced staff of A/V might be accessed to develop a set of tools for producer society education and training. (A distinction is made between education and training in the sense that “education” refers to the general membership orientation well covered in the IFDC module, whereas “training” would relate to specific problem-solving topics such as preparing an annual budget. If the SBR organizational form were chosen, then the orientation would need to include more elements commonly seen as part of “cooperative” education, even though that specific word is avoided.) Another suggestion is that the Project provide a consultant at the appropriate time to work with A/V in preparing the brochures, flip charts, posters, etc., as well as the specialized didactic strategy for a non-formal farmer education program. This consultant should be experienced in mounting farmer-level programs and developing materials — Albanian language ability would not be needed as others would be charged with this responsibility.

Since probably neither APFDP nor A/V would have personnel available for the intensive, village-by-village activities required as basic education, the team of A/V staff and the consultant would orient persons chosen to be trainers (perhaps local teachers or from Lezha conservationist NGOs). Supervision and monitoring of the actual field activities would be assigned to APFDP staff (probably the Community Development Specialist) or to A/V if that were the mutual agreement.

## **F2c. Exploration of Realistic Options**

The third action area concerns determining what type of support activity or service could reasonably be implemented by a producers' society. There seems to be a dearth of detailed, current information on all aspects of the farm economy in general, much less anything specific about Lezha District or Blinisht Komuna. The consultant and his Albanian assistant inquired about this situation without success in government offices, donor program agencies, and the Agricultural University in Tirana. Still, the Project would be looked to for concrete answers about "What could farmers do that makes sense in the emerging market economy?" and "How could a producers' society help its members improve their incomes?" Without marketplace data related to the Komuna or a procedure to answer these questions, the society would risk offering agricultural support services irrelevant to the farmer and unsustainable on their own.

Project staffing includes a Business Development Specialist and a Marketing Specialist, but these would be unable to research enough aspects in a timely fashion to answer the above questions (plus having other responsibilities). However, the Director of the joint University of Nebraska-University of Tirana Program expressed interest in organizing highly directed marketing studies for general or agricultural economics students under his supervision. With logistical support he believes that these efforts could begin as soon as in October. Through this program, participating professors could structure the field-level and analytical procedures to quickly gather and process data on such topics as:

Actual volumes and timing for different types of production at the village level (cattle and other animals, milk, grains, vegetables, fruits, etc.)

- Current and potential market points for major products, actual and potential marketing channels and their margins
- Identification of local, regional or national processing points, with current and potential demand for Komuna products
- Current and potential supply points for major inputs, actual and potential channels and their margins
- Identification of locally available agricultural machinery, actual use patterns and prices
- Identification of locally and regionally available transport, actual use patterns and prices

Rather than carrying out an extensive inventory of all the above, the first step would be to identify the higher priority products, inputs, and services. With logistical support from the Project and depending on the number of qualified students, within a short span of time the critical data could be gathered and processed to provide information needed to make initial decisions about feasibility. (The students could finalize their academic reports later.) Based on these results a trial activity could be conducted later, such as volume purchase of fertilizer,

delivery of sheep to a market point, or contracting for farm mechanization services by village, and a comparison made of the net benefits. A side benefit could be establishing or at least identifying direct market linkages which were unknown before. However, the most important aspect would be to demonstrate a procedure for investigating the market and identifying alternatives (or their lack), since this is a dynamic rather than static activity in a market economy.

### **F3. Decision Point**

To recapitulate, the above three action areas are designed to deal with the major aspects needed to determine if the producers in some or all villages in Blinisht Komuna are seriously interested in establishing their own society and are willing to work together rather than as separate groups. The advantage is that the decision would be based on activities they have participated in and not just discussions. With the orientation visits, the leaders should have clearer ideas of what might be accomplished. With the general education of associative action, the participants should be better prepared to make a decision and recognize their role (empowerment). And with concrete market information on possible activities or services, they should be able to see if these could really be helpful. They then must decide on whether to formalize some type of producer organization, or not.

If the decision is to continue with the organization, then the details of formation and registration would follow, supported by the Project and depending on the type of society (association or SBR). As a part of the organization stage leaders would be chosen, who then would participate in focused training on strategic planning and other topics to concentrate attention on core interests of the society and immediate activities or services (possibly part of this training could be contracted for with ORT). Technical training relationships could be forged with related entities, depending on the activity or service focus (Land O=Lakes for dairy, HPI for animal husbandry, AAATA for orientation on relevant commodities, among others). Lastly, implementation oversight is definitely required and could be an additional function of APFDP in the short-term, although this might overextend current staffing. Ideally it would be more appropriate if A/V could continue this effort, if it has been active up to this point, as a logical extension of its program in Albania. Above all, however, general membership education must be continued to cement the associative culture in participants, since often this is the basis for long-term sustainability of the organization. For this reason, the initial orientation of trainers is important as a way to institutionalize instruction capacity on the local level and not be dependent on outside resources.

If on the other hand, the popular decision is to limit any organization to a narrow base with few individuals in one or two villages, to use political or religious criteria for membership, or to await better offers from donor agencies, then the appropriate response by APFDP would be to end any further support other than that which already was being provided under the livestock and forestry components. From the Project's perspective, this would not represent a significant loss, since:

- A similar effort might be attempted more easily in another region if time permits, with the benefit of experience from the Blinisht Komuna experiment

- Fundamental education and training materials would have been developed with the potential for widespread use by any farmer organization
- University technicians would have been trained in the application of investigation techniques to market economy information needs

#### **F4. Relevant Cautions Concerning Services**

At times the founders of a new producer organization become very optimistic about the level of support the new society can successfully provide its members and the positive impact this will have on their economic activities. As nearly any legitimate activity is permitted by law, self-restraint might seem unnecessary and unpopular with actual or potential members. Nevertheless, experience in many situations has shown that there are some types of activities which place a large burden of risk on the society and therefore should be avoided under most circumstances, especially when the society is newly formed and with untested management. Undoubtedly there are other examples, but three activities commonly requested by members are discussed below.

##### **F4a. Purchase of Production by the Society**

If a society buys produce for resale or offers a guaranteed or floor price independent of what the future market price might be, it is assuming the market price risk in place of its members. This is fundamentally different from acting as bargaining agent or giving an advance for the product, since in the latter case the final price risk is not transferred from the producer. Obviously the members want to enjoy the best sales price possible, but this must not be at the peril of the society. Furthermore, even when functioning as an agent the society should establish and enforce quality standards to avoid downgrading the entire stock as a result of some members' inferior grade product. If the society wants to buy and sell produce, it should consider forming a limited liability commercial enterprise to separate those decisions and risks from affecting transactions in the name of its members. This separation also would focus decision-making and responsibility, and should result in greater accountability.

##### **F4b. Credit or Loan Guarantor**

The temptation can be great for a society to request a loan in its name and then on-lend to members, or in a similar fashion serve as the guarantee for member loans or purchases on credit. Unless it has the specialized technical knowledge and experience of a lending institution and is protected by reasonable collateral practices and enforceable contract law provisions, this can be very dangerous, even when everyone is acting with good faith. This is especially true in the case of production or medium to long-term lending: a few large uncollectible loans (for whatever reason) can jeopardize the institution for everyone else. Solution: leave this activity to specialized entities.

##### **F4c. Investment in Large Assets for Use by Members**

Although cooperative businesses often have this activity as a service, typically they use retained earnings or members' share capital to finance this (which is the reason associations usually avoid this activity, since share capital often is minimal). A common example could be the desire for the

society to purchase a tractor with implements for rental to members. However, quite possibly it would be more practical for the new society to organize the potential users to contract for the tractor services from a private source, which should benefit both the users and the owner without the society accepting the risk, nor having to develop the required technical and administrative skills. Many times the private service costs less even though profit is involved, since the administrative costs are borne by the owner. As in the case of purchase and resale of produce, investment in assets (whether through loans or grants from donors) is best done by a commercial entity, since the decision-making is done on a personalized basis, rather than being diffuse, such as “for the good of the village”.

## G. Implementation Interventions

The following table is a summary of actions explicitly mentioned in the text above or implicit in implementing the establishment of a producer organization in Blinisht Komuna. Because the Project is scheduled to finalize in September 2000, expeditious implementation is essential, even though this could mean that not all villages receive the same degree of effort to promote affiliation of their farmers into the initial society. Primary importance is given to identifying the core groups of participants and what activity or service they could readily benefit from. The rationale for this implementation strategy is to determine if an organization of producers is feasible, and how could this entity be solidly formed and demonstrate its value, such that it has a reasonable chance to become sustainable and meaningful by the Project’s termination date.

One element not dealt with is whether APFDP should assign the overall direct coordination and implementation responsibility to a local staff person, to the Chief of Party, or to a third party (someone already in-country or an expatriate). The level of effort would be full-time during the organizational stage, perhaps four to six months, although this could be divided among several people and also would depend on any inter-institutional arrangements made by the Project, such as with ACIDI/VOCA or others. The fact that this is not explicitly included in the table means only that it is more an institutional or contractual decision, instead of being technical.

The following stage is the training for and actual implementation of the new society’s operations. Resources for these activities will be determined during the organizational process.

### **Proposed Interventions and Illustrative Timeline** (\* assumes institutional or contractual agreement for activity)

<b>Activity</b>		<b>Responsible</b>	<b>Time frame</b>
1	Carry out field investigation to determine probable interest within each village and choose initial core groups with Komuna agreement	APDFP Staff: Community Devel. Specialist (CDS)	Month 1: week 1
2	Identification of local leaders for field trips	CDS	Mo. 1: week 1
3	Organization and implementation of field trips	CDS	Mo. 1: week 2-3
4	Preparation of “lessons learned” from field trips for use in future participant training	CDS	Mo. 1: week 4
5	Agreement with ACIDI/VOCA on activities	COP, ACIDI/VOCA	Mo. 1: week 3

Activity		Responsible	Time frame
6	Identification of existing education materials	CDS, ACDI/VOCA*	Mo. 1: week 4
7	Adaptation of educational materials and incorporation of appropriate strategy	ACDI/VOCA*, Consultant*	Mo. 2: week 2-3
8	Training of the trainers for society education	ACDI/VOCA*, Consultant*	Mo. 2: week 4
9	Village-level education on producer society	ACDI/VOCA*, CDS	Mo. 3: week 1-2
10	Agreement with Univ. Nebraska on activities	COP, Uneb	Mo. 1: week 3
11	Identification/prioritizing marketing studies	UNeb*, Consultant* or Staff	Mo. 1: week 4
12	Finalization of marketing studies' results	UNeb*	Mo. 3: week 2-3
13	Decision point on organizing producers' society and if positive then appropriate type	Participants, COP, CDS and Staff	Mo. 3: week 4
14	Training on society strategy planning	ACDI/VOCA* and/or ORT*	Mo. 4: week 1
15	Draft of society bylaws and preparation of registration documentation	Leaders, ACDI/VOCA*, CDS and Staff	Mo. 4: week 2-3
16	Approval of society bylaws	General Assembly	Mo. 4: week 4
17	Village leadership and participant training	ACDI/VOCA*, CDS	Mo. 5: week 1-2



## **ANNEX A**

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### Comparison of Non-Profit Organization Characteristics

## ANNEX A

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### Comparison of Non-Profit Organization Characteristics

<b>Characteristics</b>	<b>Mutual Collaboration Society (SBR)</b>	<b>Association</b>	<b>Foundation/Center</b>
Enabling Legislation	Law 8088, 3/21/96	Draft law amending Civil Code, 7/29/94	Draft law amending Civil Code, 7/29/94
Associative Nature	Voluntary membership of natural and/or juridical persons	Voluntary membership of natural and/or juridical persons	Non-membership in the sense of focus for activities or benefits (with natural and/or juridical founders)
Purpose	Provide commercial services for mutual assistance in economic activities of members and third parties	Provide non-commercial services (cultural, scientific, recreational, political, religious, charity) for public or members' benefit	Provide non-commercial services (cultural, scientific, recreational, political, religious, charity) for public benefit
Organizational Structure	Member general assembly, Administrative Council, Supervision Council	Member general assembly, Leadership body as defined in Bylaws	Member general assembly, Leadership body as defined in Bylaws
Financial Nature	Non-profit; patronage dividends based on member usage but not from third parties (at least 50% income to be from members)	Non-profit (any net income is not distributed to members)	Non-profit (any net income is not distributed to members)
Capital Base	Membership shares of equal value, other shares as interest-bearing investment; fees, funds, legal reserves from income	Membership fees, funds from outside sources, income from economic activities	Membership fees, funds from outside sources, income from economic activities
Number of Members	Minimum of seven	Minimum of five	Minimum of one
Voting Rights	One vote per member	One vote per member	One vote per member
Registration	District Court	District Court and Central Register for NGOs	District Court and Central Register for NGOs

## **ANNEX B**

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### **Blinisht Komuna Survey**

## **ANNEX B**

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### **Blinisht Komuna Survey**

#### **A. Objective**

The principal purpose of this consultancy was to assess the attitude and predisposition of farmers in the Blinisht Komuna to establish a producers organization. “Common knowledge” asserted that the rural communities in the Lezha District are individualistic by nature and would be reluctant to participate in some form of cooperation: traditionally the northern sections of Albania are famed for such an attitude, in contrast with the more amenable southern parts. Many of the government and donor-related officials interviewed in Tirana and Lezha echoed this characterization, although often those familiar with the Project’s efforts in that district recognized that areas farmers were becoming used to participating in group activities. The Project is interested in promoting the use of a producer organization to support komuna forest transfer and livestock improvement activities by having some impact on rural family incomes.

With this in mind the consultant accompanied by his Albanian assistant carried out a survey to have a better idea of the farmers’ perceptions and to test the above purported attitude. Specifically the survey focused on obtaining a perspective related to these areas of interest (as stated in the scope of work):

- Willingness by the producers to interact and cooperate with each other and their understanding of the possible role for such an organization
- Existence of the conditions to establish an agricultural/natural resource-based organization
- Primary objective and activity for this organization

#### **B. Methodology**

The first step was to meet with the elected head of the Blinisht Komuna, which is the local government entity roughly the equivalent of a county and comprised of seven villages. Originally the survey was to deal with the four villages in which the Project has been active, but the Komuna head requested that all seven be included at this stage. Since the intention was to ascertain the probable acceptance of forming an association, we indicated our preference would be to interview the more commercially oriented producers on an individual basis, rather than looking for some sampling technique to have an overall representative perspective. In the villages that have participated in the Project, two village-level veterinarians were assigned by the Komuna head to accompany us, even though the person interviewed were not part of a livestock group. In the other three villages we would rely upon each village’s “elder” to identify producers and accompany us during the interviews. Project staff participated at the beginning of the field work, but were unable to continue except occasionally.

To structure the interviews questionnaires for producers and for groups were drafted and discussed with Project staff and then modified slightly after the first interviews. To expedite the process, the consultant's assistant interviewed without continual translation but with comments about the answers and any additional aspects. The initial target was to complete four individual producer interviews per village, plus a group interview where the Project was active. A total of 25 individual producers responded, 14 in the four villages with livestock/forest user groups and 11 in the other three villages. Approximately 38 villagers attended the group interviews, bringing the total of all participants in this process to nearly 60 (taking into account that a few individuals were also present in the group interviews).

### C. General Results

The questionnaires' formats were designed to ask first for general information (without too much concern for numerical accuracy) and then the more subjective — and crucial for this study — appreciation of attitudes towards group activities. (Summaries of the responses are annexed: “Totals of 25 Individual Interviews” and “Totals of Interviews with Four Village Livestock Groups”.) Except where noted the answers by individual producers were very similar despite whether the village had a Project-supported group or not. This is just as well, since the survey methodology would not permit drawing much distinction between the two classes of producers. The following summarized results provide a snapshot or overview of the area producers:

- A slight majority considered livestock as the principal source of family income.
- Nearly one-half said they had no other major source of income (possibly an inaccurate response, since one-half of those interviewed in villages with livestock/forest user groups indicated that family migrant remittances were another important source).
- The average of cultivated agricultural land at 2.2 hectares was substantially greater than the official average of 1.2 ha., perhaps reflecting the interview bias toward the more commercially active producers.
- All farms had cattle and almost all had pigs, over 70 percent had sheep but only one had goats, which probably also reflects the interview selection bias, since goats are otherwise prevalent in this area.
- All farms had in common the sale of meats (beef, sheep, and turkeys) and usually transported the animals to a regional market for sale (Milot), and to a much lesser degree milk and cheese (about one-quarter of farms) but mainly only in the respective village.
- A large majority indicated that they often had difficulty selling meat at what they perceived to be the “market price”, whereas dairy products had less difficulties.
- Most producers (over 70 percent) indicated that they purchased their fertilizer and seeds in the regional marketplaces (usually Lezha or Milot) and that supply was not a

problem; whereas most (also 70 percent) procured mechanization services in their village, and often these were not available when needed.

- The inputs or services clearly deemed necessary but usually not available were irrigation and mechanization.
- Nearly all those interviewed in the villages with Project-sponsored activities were members of livestock groups and over 70 percent also in forest user groups, whereas in the other three villages all declared not to be members of any groups — nearly two-thirds of those in either type of village had paid to become members of the water user associations in anticipation of the World Bank project, but did not consider themselves as members, since they had not seen any results nor heard anything and were distrustful of that project.

The crux of this interview process was the final questions concerning what activities or services would they want a group of producers to provide, and if they felt that inter-village coordination would be possible to offer such activities. In the majority of cases the respondent did not understand the first question — to them an activity would be a type of production (dairy, wheat, etc.) rather than the provision of some service (mechanization, marketing, etc.). Even after explaining and giving examples, only 15 (60 percent) could express themselves or articulate any need which could be obtained through cooperation, and most of these respondents were from the villages with prior Project activities. The same number in both village types were unable to offer any example (five each). The second “what if: question found virtually the same response by both village types: 11 or 44 percent said that village cooperation would be possible, whereas 10 or 40 percent said that it would not be possible; the remainder thought it would be very difficult but could be done. A frequent comment was that the formation of a new “cooperation” would be more feasible if someone outside the area were to be designated as “coordinator” or leader, and not someone from the Komuna government.

The questionnaire results from the four livestock group interviews closely reflected the above, except for the reduced average size of agricultural land and livestock holdings per village family or farm (these were lower than the individual averages found, and largely verify the commonly quoted characteristics). Interestingly one-half of the groups felt that there would be no significant problem in having inter-village coordination through an association, while one-half said that this would be very difficult to impossible. Lastly, no one seemed to know what the “Albanian Farmers Union” was or that it even existed, even though this entity has been an active lobbyist at the national level (and with a national membership) for several years.

#### **D. Conclusions**

Anyone who talks with the farmers is impressed by the immediate rejection of “the old system” of the socialistic production cooperatives — although the strength of that organizational structure is recognized, few seem to consider that part of those “good old days”. Unfortunately, this deeply felt reaction is an impediment for any other form of producer organization. The words “cooperation, collaboration, coordination, mutual help, co-working, association” all seem to conjure up memories that people find uncomfortable or distasteful. This situation represents a challenge to any attempt to determine interest by farmers in working together via some entity

that still permits individual producer activities. Thus the concept of cooperation or association is fraught with undesirable memories, and this reaction necessarily should be overcome for producer organization.

However, on a positive note many of the persons interviewed said they would be willing to participate in some “new type of cooperation” (although the question asked did not specifically request that type of response, rather if the person thought that cooperation between villages would be feasible). Several respondents indicated that their participation would be more forthcoming if there were a “coordinator” that was not from the Komuna government or from the villages involved. Furthermore, they perceived that having the Project involved would ensure a nonpartisan nature, because of the support by USAID. Clearly the experience over several years of the HPI and forestry activities has demonstrated to them that coordination among themselves can be fruitful and trusted.

Several other conclusions can be drawn from these interviews, with one caveat: the people interviewed are not necessarily representative of their villages, because the more “commercially oriented” farmers were chosen; however, any attempt to form a producers’ organization would focus precisely on this type of individual, with the intention that their example would draw in others as time passed. Briefly, these admittedly subjective conclusions are described below:

- In general, farms have a very limited resource base, making enterprise development difficult to impossible for an individual producer.
- The typical farm is a classic case of the vicious circle of a low technological level in production, resulting in low productivity and therefore low income, which leads to a continuation of the same level of technology.
- The low level of family income and remunerated employment exerts strong migration push effect, such that possibly many farm families could not increase substantially their production efforts even if inputs were available (or affordable) because of limited labor.
- Many producers have the attitude that they already “know enough” to make their farm productive but just need credit to procure the means (inputs and mechanization), without recognizing the need for marketing skills to identify and profitably sell produce.
- Often, the producers seem to be waiting for entities (usually the government) to provide them with the support necessary to resolve problems of irrigation, credit, inputs, mechanization, and marketing, indicating a latent dependency and therefore little initiative to search for solutions they can undertake.
- There seems to be a general incomprehension of any options for producer organization other than the returning to the old-style cooperatives or continuing the isolated individual farming that most are doing — even the livestock groups seem to

be perceived as a way only to distribute improved genetic stock to a few participants, without being seen as a mechanism to expand on joint activities.

The above discussion indicates that there are substantial obstacles to a spontaneous effort by the producers to develop some organizational form by which these constraints can be overcome. Even though many villagers identify common problems, they are reluctant to work together to seek solutions, and their leadership structures at the village and Komuna levels are not focused on this function. Nevertheless, as mentioned above a sizeable minority of those interviewed believed that people from different villages could work together in benefit of the group of participants, and they had some ideas concerning which activities might be given priority.

### Totals Of 25 Individual Interviews

#### General Information

Village name: *Fishta, Kodhel, Krajn, Troshan; Baçel, Blinisht, Piraj*

What is the source (not amount) of your family's income? *livestock: 13; agriculture: 9; other: 3*

Are there any other major sources of family income? *none: 12; migration: 8; other: 5*

#### Agricultural Information Of Family (# respondents, average for respondents)

##### Types of land, in hectares

Cultivated agricultural land: *all, 2.2 ha.*

Irrigated land: *8, 0.9 ha.*

Pastures: *6, 2.3 ha.*

Private forests: *9, 1.8 ha.*

##### Usual livestock numbers and production purpose

Cows: (for dairy) *all, 2* (for meat) *all, 1.6*

Sheep: (for dairy) *18, 19.4* (for meat) *18, 16.3*

Goats: (for dairy) *1, 1* (for meat) *0*

Pigs: (for meat) *23, 4*

Major Products	Mainly for your family's consumption	Same amounts consumed and sold	Mainly sold
1) <i>meat</i>	2	8	14
2) <i>milk</i>	15	5	1
3) <i>alfalfa, forage</i>	18		
4) <i>wheat</i>	16	1	
5) <i>vegetables</i>	16	1	
6) <i>fruit, grapes</i>	8	1	2
7) <i>corn</i>	10	1	



Major Products Sold	Sold in Village	Sold in village but shipped to	Transported from village to sell
1) <i>meat</i>		5	20
2) <i>milk</i>	4	1	2
3) <i>vegetables</i>			2
4) <i>fruit, grapes</i>	1	2	

Products Sold	Often difficult to sell at normal price	Usually can sell at normal price	Often could sell more product at normal price
1) <i>meat</i>	19	2	1
2) <i>milk</i>	3	3	1
3) <i>vegetables</i>	2		
4) <i>fruit, grapes</i>	1	2	

Major inputs/services actually used for production	Where obtain: Village or market	Usually available when needed	Sometimes not available as needed	Often not available when needed
1) <i>fertilizer</i>	7 vill., 17 mkt.	23	1	
2) <i>seeds</i>	6 vill., 16 mkt.	21	1	
3) <i>mechanization</i>	12 vill., 5 mkt.	7		10
4) <i>forage, feeds</i>	4 vill., 1 mkt.	5		
5) <i>pesticides</i>	1 vill., 2 mkt.	5		

Other inputs/services needed but not usually used	For which crop or product	Why is this input/service not usually used
1) <i>irrigation</i>	16	Not available 14
2) <i>mechanization</i>	15	not in village 8, high price 7
3) <i>fertilizer</i>	4	high price 3, poor quality 1
4) <i>pesticides</i>	2	high price 1, poor quality 1
5) <i>seeds</i>	2	Poor quality 2

Are you a member of one or more groups of farmers in this village (or other village)? *water-users association: 16; livestock group: 13; forest-user group: 10; grape growers association: 2*

If not a member of a group in this village, are there any groups here? *water-users association: 2*

What have been your major activities with this group(s)? *“passing the gift (HPI)”*: 9; *improving forest areas*: 7; *providing irrigation water*: 2; *no answer or nothing*: 12

Can you think of any other activities (or services needed) you could do with this or another group?: *some example given*: 15; *answer or example given*: 10

What would be the major problem or difficulty in your group joining with other villages in the Komuna to do these activities? *no problem/no problem if leadership good*: 9; *difficult to work with others but willing to try*: 8; *very difficult/is not really possible*: 8

General Comments: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## **Totals Of Interviews With Four Village Livestock Groups**

### **General Information (range, average for groups)**

Village name: *Fishta, Kodhel, Krajn, Troshan*

Distance from Lezha: *7 - 35 km., 24 km*

Number of families/households in village: *131 - 340, 200*

Approximate number of inhabitants: *48 - 1600, 860*

Other entities located in village: *school (4), medical center (3), church (1)*

Other projects active in village: *COSBI (2 - Italian NGO for women group lending), church*

Number of members in groups: *9 - 38 (19)*

### **Village Agricultural Information (range, average for groups)**

#### **Types of land in Hectares**

Cultivated agricultural land: *200 - 330 (245)*

Irrigated land, pastures, private/protected (forests, common land): *9 - 750 (330)*

Refused lands: *0 - 30 (20)*

#### **Usual livestock numbers and production purpose**

Cows: (milk) *150-300 (220)* (meat) *100-270 (170)*

Sheep: (milk) *300-1500 (650)* (meat) *150-1500 (550)*

Goats (3): (milk) *0-300 (180)* (meat) *0-300 (200)*

Pigs: (meat) *150 - 700 (380)*

**Agricultural/Livestock Production**

<b>Major Products</b>	<b>Mainly for family consumption</b>	<b>Similar amounts consumed and sold</b>	<b>Mainly sold</b>
1) <i>meat, turkey</i>		1	3
2) <i>milk</i>	3		
3) <i>fruit, grapes</i>	4		1
4) <i>wheat</i>	4		
5) <i>vegetables, forage</i>	4		

<b>Major Products Sold</b>	<b>Sold in Village</b>	<b>Sold in village and shipped to</b>	<b>Transported and sold where</b>
1) <i>meat</i>			4
2) <i>turkey</i>			2
3) <i>grape products</i>			1

<b>Products Sold</b>	<b>Often difficult to sell at normal price</b>	<b>Usually can sell at normal price</b>	<b>Often could sell more product at normal price</b>
1) <i>meat</i>	2	1	1
2) <i>turkey</i>		1	
3) <i>grape products</i>			1

<b>Major inputs/services actually used for production</b>	<b>Where obtain: village or market</b>	<b>Usually available when needed</b>	<b>Sometimes not available as needed</b>	<b>Often not available when needed</b>
1) <i>fertilizer</i>	3 vill., 2 mkt.	4	1	
2) <i>seeds</i>	1 vill., 2 mkt.	2	1	
3) <i>mechanization</i>	4 vill.	2		2
4) <i>pesticides</i>	1 vill., 1 mkt.	1	1	
5) <i>animal feed</i>	1 vill.	1		

Other inputs/services needed but not usually used	For which crop or product	Why is this input/service not usually used
1) <i>irrigation</i>		<i>system not functional 4</i>
2) <i>mechanization</i>		<i>high price 2</i>
3) <i>seeds</i>		<i>poor quality 1</i>
4) <i>animal feed</i>		<i>high price 1</i>

If village could make its own organization to provide assistance for agriculture or livestock production, what would this assistance be:

- 1) (most important assistance) *irrigation: 3; meat processing/marketing: 1*
- 2) (next most important) *drainage: 2; processing of fruit: 1; nursery for grapes/fruit*
- 3) (third most important) *marketing of production: 3; purchase of inputs: 2; mechanization: 1*

What would be the major problem or difficulty in joining with other villages in the Komuna to make this organization? *no major problem: 2; do not need/want to cooperate with other villages: 2*

Are there any members of the Albanian Farmers Union in this village? *no: 2; Union unknown: 2*

Do you see any benefits from being a member of the Union? *(not relevant)*

General Comments: \_\_\_\_\_

\_\_\_\_\_

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## **ANNEX C**

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Round Table Presentation 22 July 1999

## ANNEX C

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### Round Table Presentation, 22 July 1999

#### Study Purpose

Assess farmer interest in agr/nat.res. assoc; how implement in short time:

- IR 4: Increase #/capacity of participant SMEs
- IR 4.2: Improved access to market information, inputs
- Begin with Blinisht Komuna, Lezha District

#### Background

Ambiguous legal structure:

- Associations in Civil Code 1994
- Draft law for NGOs 1999
- Mutual Collaboration Soc. Law 1996

#### Associations Under Forestry Project

- Nursery network association *Technology and advocacy*
- Private forest owners association (Fier) *Advocacy*
- Willow management assoc. (Shkoder) *Commodity trade*
- Willow producer/processor group (Berat) *Coordination trade*
- Willow producers group (Tushemisht) *Technology*
- Farmers association (Stropska) *Technology and marketing*

#### Other Projects' Focus On Association Development

- HPI *Rural community economic development*
- IFDC (SRFSA, AAATA) *Sector commodity trade*
- LoL *Dairy technology*
- ACDI/VOCA *Sectoral advocacy, individ. assoc.*
- ORT *Training resources*
- WB/MoAF water users associations *Specific service*

#### Komuna Survey Conclusions

- very limited resource base
- classic vicious circle
- migration “push” effect
- “sufficient knowledge” attitude
- latent dependency on outside entities
- incomprehension of options

*Overall Conclusion* Many are willing to see what “new type of cooperation” would be, especially if there is participation from outside the Komuna. For sustainable/replicable project impacts on rural family income: strengthen and focus national human resources on association development based on participant needs

## **Recommendations**

*Strategy for Actions*

- Build on existing livestock and forestry groups
- Concentrate on few activities or services
- Focus on members seeing quick, tangible results
- Whenever possible, use locally available resources to implement

*3 Action Areas*

- Orienting by example
- Preparing to make changes
- Exploring real options for activities/services

*3 Dangers for Association to Avoid or Minimize*

- Marketing risks that association would absorb or guarantee
- Credit/on-lending risks from association guarantee
- Investment risks by having large assets as assoc. property

*Implementation of 3 Action Areas*

- Field trips where groups have evolved into commercial entities (HPI/APFDP, LOL/HPI, ACIDI-VOCA)
- Initial Education/Training/Information functional areas to identify participants, modify materials, train future trainers (propose using ACIDI/VOCA and IFDC materials with Chemonics modifiers)
- Studies on market points/channels/margins for probable products, transport and agricultural machinery, trade with neighboring countries (propose Univ. Nebraska/Univ. Tirana)

*Technical Assistance Interventions (S - Project staff, C - consultant)*

- Identification of local leaders, organization of field trips, drafting related “lessons learned” for incorporation into training materials (S)
- Identification/modification of existing ETI materials (C, A-V)
- Identification/prioritizing marketing studies (C, UNeb)
- Drafting proposal of association bylaws (C, A-V)
- Structuring possible marketing trial (e.g. Xmas turkeys) if deemed feasible (C or S, A-V)
- Support during assoc. organizational/registration stage if villages make affirmative decision (S, A-V)
- Assoc. business strategy training for leaders if start organize. (S, ORT)
- Identification of other potential associations under Project (S)

*Decision Point*

- If YES, then formalize initial association, start strategic planning and focused training, develop implementation linkages with ACDI/VOCA, LoL, ORT, AAATA as required
- If NO, no investment loss of time or resources



## **ANNEX D**

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### **Interviews Conducted**

## ANNEX D

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### Interviews Conducted

Person	Institution	Location
Howard Sumka	Director, USAID	Tirana
Joe Pastic	ENI Program Officer, USAID	Tirana
Kristaq Jorgji	Project Officer, USAID	Tirana
Daut Nanaj	Country Director, Heiffer Project International	Tirana
Claude Freeman	COP, AAATA Project (before in IFDC/AFADA)	Tirana
Ylli Biçoku	Deputy, AAATA Project (before in IFDC/AFADA)	Tirana
Chan Sieven	COP, SRFSA Project (before in IFDC/AFADA)	Tirana
Sandra Stajka	Country Representative, ACDI/VOCA	Tirana
Lefter Turtulli	Project Developer, ACDI/VOCA	Tirana
Deborah Wagner	Project Manager, Land O'Lakes	Tirana
Juliana Hoxha	Country Director, Organization for Education Resources and Technical Training ORT	Tirana
Mike Martin	University of Nebraska Program at the University of Tirana, Economics Faculty	Tirana
Ylli Dede	Director of Irrigation Project, World Bank	Tirana
Maksim Mitrojorgji	Executive Director, Albania Development Fund	Tirana
Lejla Dibra	Director, ADF Veterinary Support Department	Tirana
Gezim Çomo	Project Coordinator, IFAD/UNDP	Tirana
Lida Stamo	Lawyer in Agricultural Issues	Tirana
Anesti Zoi	President, National Albanian Farmers Union	Tirana
Shfqet Meko	Executive Director, Research Center for Rural Development	Tirana
Selim Dedej	Vice-Minister, MoAF	Tirana
Arben Molla	Director, Agriculture Program Office, MoAF	Tirana
Kol Malaj	General Director, Directorate of Forestry and Pastures, MoAF	Tirana
Njazi Tahiri	Director of Livestock, MoAF	Tirana
Bahri Musabelliu	Dean of Agriculture, Agricultural University of Tirana	Tirana
Pashk Smaçi	Secretary, District Council	Lezha
Petrit Gjoni	Director of Forestry, District Agriculture Office	Lezha

Person	Institution	Location
Hil Gjoka	Extension Service, District Agriculture Office	Lezha
Gjon Gaspri	Agronomist, District Agriculture Office	Lezha
Pjeter Trasha	Nursery owner, Lezha	Lezha
Rrok Marku	Head of Blinisht Komuna	Blinisht
Dedë Zefi	Veterinarian, Blinisht Komuna	Blinisht Kom.
Gjon Lazri	Veterinarian for Fishta, Troshan, Krajn	Blinisht Kom.
Simon Marku	Private veterinarian, head of water users association	Kallmet
Zhaneta Elezi	Agricultural input store owner-operator	Pogradec
Polizoi Lole	Willow processor, representative for Berati willow group and market contact person	Berat
Operator	Local cheese-making plant ("baxho")	Piraj
	Nursery network association (6 members attending)	Fier
	Private forest owners association (6 attending)	Fier
	Stropska Farmers Association (3 attending)	Stropska
	Cultivated willow producers group (6 participants)	Tushemisht
	Village livestock group (7 participants) and 4 individual producers	Fishta
	Village livestock group (18 participants) and 4 individual producers	Troshan
	Village livestock group (7 participants) and 3 individual producers	Krajin
	Village livestock group (6 participants) and 3 individual producers	Kodhel
	3 individual producers	Blinisht
	4 individual producers	Baçel
	4 individual producers	Piraj

## **ANNEX E**

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